GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:4814
ANSWERED ON:28.04.2008
VANASPATI FACTORIES
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government has recently decided to allow import of edible oils in large quantities at reduced import tariff;

(b) if so, the details thereof and the reasons therefor indicating the quantity imported and duty cuts allowed on different categories of Edible Oil;

(c) whether a number of Vanaspati Units have closed down or are on verge of closure due to such imports;

(d) if so, whether some States have represented against such imports;

(e) if so, the details thereof and the reaction of the Government thereto; and

(f) the steps taken by the Government to protect the domestic oil industry and the workers rendered jobless as a results thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a) & (b): No, Sir. The import of edible oils except coconut oil is under Open General Licence (OGL). Import of edible oils depends upon commercial judgement of the importers.However, for increased availability and softening of prices of edible oils which have been rising during the last one year, the import duty on crude and refined edible oils has been reduced to zero and 75%, respectively.

(c): A number of vanaspati units in the country have been closed down due to various reasons which include creation of production capacity not commensurate with availability of raw materials, obsolete technology, poor economics of scale, shift in consumer preference towards soft oils etc.

(d) & (e): Kerala State has represented that the recent changes made by Government of India in the import-export policy on edible oils has severely affected the coconut farmers and therefore, requested to restore the tariff on import of palm oil to previous levels and permit export of coconut oil. The prices of edible oils have been rising during the last one year. For increased availability and softening of the prices of edible oils in the domestic market, export of edible oils has been banned w.e.f. 17.3.2008 and w.e.f. 1.4.2008 the import duty on crude and refined oils has been reduced to zero and 7.5%, respectively. However, export restrictions have been lifted in respect of Coconut Oil (through Cochin Port) alongwith certain oils produced from minor forest origin w.e.f. 1.4.2008.

(f): Some of the steps taken to protect the domestic oil industry and hence workers include:-

(i) Import of oilseeds/edible oils except copra/coconut oil has been allowed on Open General Licence (OGL)

(ii) W.e.f. 01.04.2008 import duty on crude vegetable oils of edible grade has been kept at zero as compared to at 7.5% for refined oils to facilitate raw materials availability.

(iii) In order to encourage production of solvent extracted oils in the country and to promote export of extractions, excise duty on food grade hexane has been reduced from 32% to 16%.

(iv) Excise duty on refined edible oils/vanaspati/interesterified fat etc. has been withdrawn.

(v) In order to harmonize the interests of farmers, processors and consumers, the import duty structure on edible oils is reviewed from time to time.